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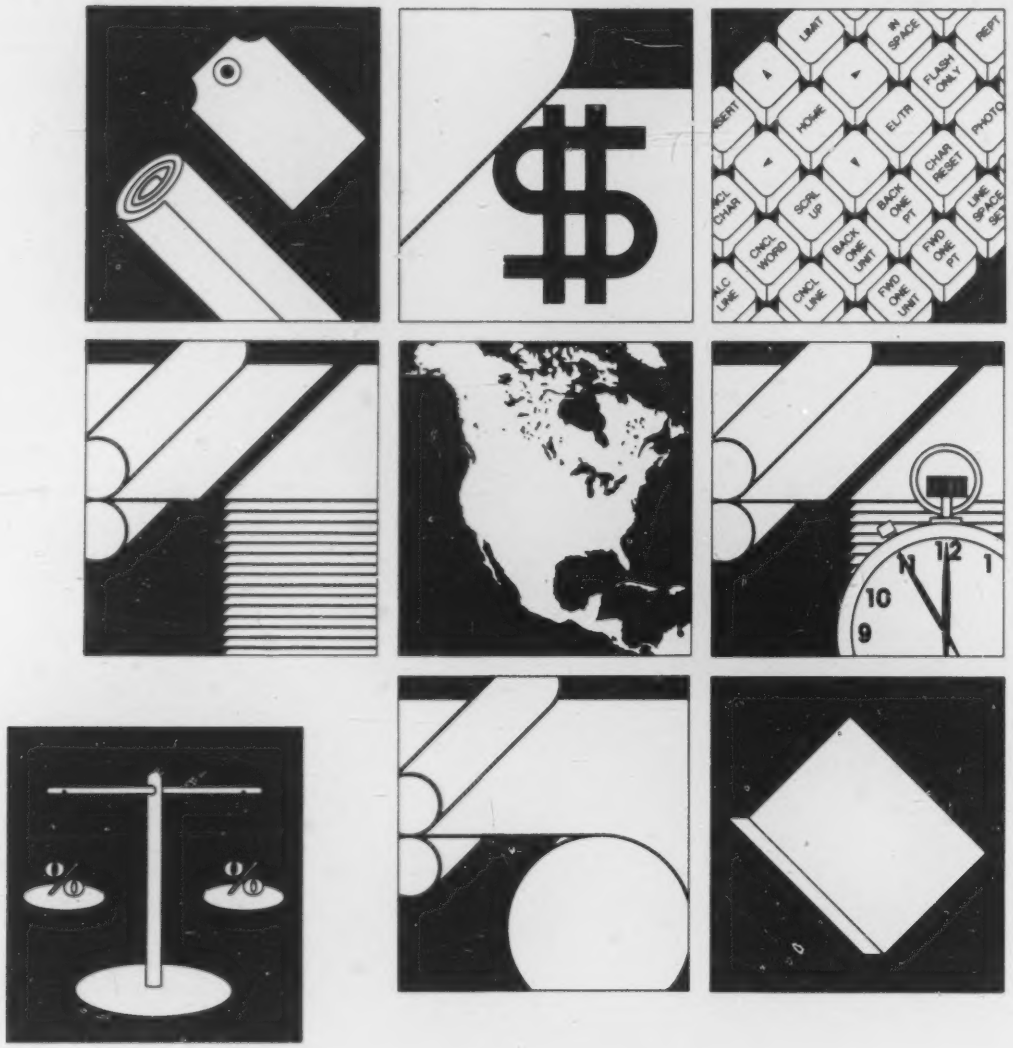
PPA INC

FINANCIAL SERVICES

1985 Financial Ratio Study



Volume IV

All Printers by Geographic Region

ABOUT PIA...

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial services package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
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- Financial Management/Investment Banking Seminars
- Production Profit Target Program: production guidelines for sheetfed presses, web presses, bindery, and prepress equipment

For further information, contact:

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PIA's Education and Publication Services is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980's (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981–82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation

Members may obtain these books through their PIA Affiliated Associations' Graphic Arts Bookstores, or by calling 1-800/PIA-DATA. Available free upon request from PIA is PrintCatalog, a comprehensive listing of all the publications and programs offered by all components of PIA. For further information about how to order or about the contents of publications, contact:

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Volume IV: All Printers by Geographic Region

An Annual Financial Survey Conducted By:
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PRINTING INDUSTRIES OF AMERICA, INC.

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Dear Colleague:

1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

We are pleased to be a part of PIA's 1985 Financial Ratio Study. This year, a total of 879 firms representing the printing industry in the United States and Canada participated in these studies by responding to PIA's questionnaire on financial performance. Such widespread participation has made the annual PIA Ratio Studies the most comprehensive financial reports available on the health of the graphic arts industry.

This book presents the financial status of printing firms according to geographic area — for example, New England and Up-State New York, Metropolitan New York and New Jersey, etc. Readers can compare the data from their own firm's financial statements with similar data from other firms located in the same geographic area in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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REGIONAL GEOGRAPHIC BREAKDOWN

New England and Upstate New York
Upstate New York, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, and Maine

Metropolitan New York and New Jersey

Eastern Pennsylvania, Maryland and the District of Columbia

Southeast Atlantic
Virginia, West Virginia, Eastern Tennesee, North Carolina, South Carolina, Georgia and Florida

East North Central
Ohio, Michigan and Western Pennslyvania

South Central
Southern Indiana, Kentucky, Missouri, Southern Illinois, Arkansas, Western Tennessee, Alabama, Mississippi and Louisiana

Chicago Area
Northern Illinois, Northern Indiana, and Eastern Michigan

West North Central
Iowa, Nebraska, North Dakota, South Dakota, Minnesota, Wisconsin

Plains and Mountain States
Texas, Oklahoma, New Mexico, Northern Arizona, Northwestern Nevada, Wyoming, Western Idaho, Montana, Kansas, Utah, and Colorado

Pacific Southwest
Southwestern Nevada, Southern Arizona, and Southern California

Pacific Northwest
Northern California, Northeastern Nevada, Oregon, Eastern Idaho, Washington, Alaska and Hawaii

Canada

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less materials costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of presentation management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

ALL PRINTERS BY GEOGRAPHIC REGION

REPORT ON OPERATIONS - VALUE ADDED = 100%

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	42.02	39.47	43.51
FACTORY EXPENSES	20.94	20.53	19.43
TOTAL FACTORY COST OF PRODUCT	62.96	60.00	62.94
GROSS PROFIT	37.04	40.00	37.06
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	15.83	19.69	15.17
Selling expenses	12.73	12.08	12.87
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	28.56	31.77	28.04
INCOME BEFORE INTEREST EXPENSE	8.48	8.23	9.02
Interest expense	3.07	3.48	3.15
OPERATING INCOME	5.41	4.75	5.87
Other income (expense)	0.84	(0.06)	0.89
INCOME BEFORE INCOME TAXES	6.25	4.69	6.76

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
42.06	43.50	42.99	43.72	41.99	40.63	38.92	41.45	44.16
20.77	18.48	20.98	20.71	20.73	20.87	20.38	20.81	17.45
62.83	61.98	63.97	64.43	62.72	61.50	59.30	62.26	61.61
37.17	38.02	36.03	35.57	37.28	38.50	40.70	37.74	38.39
14.63	14.90	15.14	14.29	16.08	16.97	17.62	16.81	14.75
12.11	13.53	13.94	12.44	12.42	12.89	14.86	13.53	13.91
26.74	28.43	29.08	26.73	28.50	29.86	32.48	30.34	28.66
10.43	9.59	6.95	8.84	8.78	8.64	8.22	7.40	9.73
2.87	2.80	3.33	2.82	3.80	3.02	2.97	4.13	3.10
7.56	6.79	3.62	6.02	4.98	5.62	5.25	3.27	6.63
0.60	1.12	1.85	0.65	1.03	1.32	1.04	1.53	1.33
8.16	7.91	5.47	6.67	6.01	6.94	6.29	4.80	7.96

ALL PRINTERS BY GEOGRAPHIC REGION

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
FACTORY PAYROLL			
Salaries - executive	3.28%	1.59%	3.60%
Direct wages	28.19	27.64	28.80
General factory salaries and wages	2.74	3.08	2.60
Packing, shipping and delivery wages	1.33	0.74	1.33
Payroll taxes	3.00	3.12	3.19
Employee benefits	3.48	3.30	3.99
TOTAL FACTORY PAYROLL	42.02	39.47	43.51
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.39	0.26	0.37
Depreciation - other	5.32	5.10	4.67
Taxes - real estate	0.35	0.18	0.25
Taxes - other	0.21	0.08	0.13
Insurance	0.89	1.10	0.88
Building rent	2.57	2.66	2.05
Utilities - heat, light, etc.	2.19	2.59	2.12
Equipment rental	0.88	0.50	0.47
Total Fixed Expenses	12.80	12.47	10.94
Other Expenses			
Factory supplies and expense	3.04	2.41	3.52
Packing, shipping and delivery expense	1.95	1.79	1.74
Repairs and maintenance	2.02	1.80	2.00
Other factory expenses	1.13	2.06	1.23
Total Other Expenses	8.14	8.06	8.49
TOTAL FACTORY EXPENSES	20.94	20.53	19.43
ADMINISTRATIVE EXPENSES			
Salaries - executive	4.66	7.61	4.41
Salaries - office	4.37	4.32	3.68
Payroll taxes	0.70	0.84	0.65
Employee benefits	1.03	1.12	1.08
Bad debts	0.44	0.41	0.47
Office supplies and expenses	0.82	0.87	0.69
Professional fees	0.78	1.17	1.09
Taxes - business	0.11	0.10	0.21
Telephone	0.80	0.92	0.84
Other administrative expenses	2.12	2.33	2.05
TOTAL ADMINISTRATIVE EXPENSES	15.83	19.69	15.17
SELLING EXPENSES			
Salaries - executive	1.75	1.22	2.65
Salaries and commissions - salesmen	5.93	6.16	4.97
Salaries - sales office clerical	1.14	0.31	1.09
Payroll taxes	0.56	0.39	0.57
Employee benefits	0.56	0.36	0.57
Advertising	0.51	0.81	0.42
Travel and entertainment	1.38	1.22	1.37
Other selling expenses	0.90	1.61	1.23
TOTAL SELLING EXPENSES	12.73	12.08	12.87

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
3.52%	2.99%	3.49%	2.60%	2.45%	3.53%	2.98%	2.84%	3.17%
29.27	28.30	27.91	29.27	29.12	27.63	26.98	28.84	32.26
1.91	3.19	3.26	2.65	2.62	2.84	1.88	2.00	3.07
1.58	1.12	1.57	1.69	1.16	1.35	1.36	0.89	1.36
2.85	3.23	3.14	3.30	3.20	2.87	2.86	3.56	1.40
2.93	4.67	3.62	4.21	3.44	2.41	2.86	3.32	2.90
42.06	43.50	42.99	43.72	41.99	40.63	38.92	41.45	44.16
0.43	0.41	0.48	0.46	0.54	0.37	0.16	0.31	0.44
6.02	4.66	5.30	4.85	5.22	5.77	5.18	5.93	4.31
0.28	0.32	0.19	0.43	0.58	0.31	0.08	0.19	0.53
0.35	0.50	0.45	0.11	0.15	0.47	0.36	0.51	0.15
0.74	0.47	0.73	0.69	0.81	0.88	1.10	0.82	0.43
1.78	1.48	2.09	2.26	1.56	2.05	3.25	3.62	1.94
2.01	1.99	2.07	2.50	2.20	2.02	1.60	1.30	1.42
1.18	0.70	1.31	0.41	1.03	1.14	1.28	1.18	0.40
12.79	10.53	12.62	11.71	12.09	13.01	13.01	13.86	9.62
3.44	3.69	3.34	3.55	3.40	2.94	2.85	2.53	2.53
1.22	1.28	1.66	2.02	2.12	1.43	1.23	1.58	1.89
2.26	1.82	2.14	2.38	2.34	2.29	2.31	1.99	2.35
1.06	1.16	1.22	1.05	0.78	1.20	0.98	0.85	1.06
7.98	7.95	8.36	9.00	8.64	7.86	7.37	6.95	7.83
20.77	18.48	20.98	20.71	20.73	20.87	20.38	20.81	17.45
4.10	3.89	4.57	4.42	5.38	5.92	5.15	4.90	3.72
3.87	3.80	3.46	3.32	4.16	3.74	4.23	3.75	4.07
0.55	0.77	0.67	0.61	0.70	0.72	0.61	0.79	0.24
0.67	0.95	0.99	0.88	0.89	0.77	0.98	0.91	0.45
0.77	0.43	0.64	0.68	0.64	1.07	0.90	1.00	1.22
0.73	0.62	0.69	0.65	0.70	0.72	0.97	0.79	0.85
0.80	0.90	0.86	0.85	0.73	0.86	1.10	0.84	0.95
0.20	0.48	0.45	0.16	0.19	0.27	0.24	0.59	0.25
0.85	0.63	0.79	0.68	0.67	0.68	0.90	0.89	0.90
2.09	2.43	2.02	2.04	2.02	2.22	2.54	2.35	2.10
14.63	14.90	15.14	14.29	16.08	16.97	17.62	16.81	14.75
1.81	2.47	1.82	2.31	2.19	2.01	2.22	2.05	2.04
5.47	5.38	6.51	4.71	5.72	6.40	6.51	6.92	6.65
1.29	1.44	1.19	0.92	0.71	1.02	1.04	0.78	1.19
0.48	0.55	0.60	0.46	0.48	0.48	0.55	0.65	0.24
0.49	0.71	0.67	0.54	0.55	0.39	0.51	0.50	0.37
0.61	0.62	0.68	0.53	0.74	0.70	0.69	0.74	0.73
1.00	1.43	1.31	1.32	1.17	1.07	1.70	1.02	1.50
0.96	0.93	1.16	1.65	0.86	0.82	1.64	0.87	1.19
12.11	13.53	13.94	12.44	12.42	12.89	14.86	13.53	13.91

ALL PRINTERS BY GEOGRAPHIC REGION

REPORT ON OPERATIONS - SALES = 100%

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	23.30	18.13	21.56
Other chargeable materials	5.11	6.39	4.96
Outside services	7.16	10.20	8.83
TOTAL MATERIALS	35.57	34.72	35.35
FACTORY PAYROLL	27.07	25.07	28.37
FACTORY EXPENSES	13.42	13.93	12.48
TOTAL FACTORY COST OF PRODUCT	76.06	73.72	76.20
GROSS PROFIT	23.94	26.28	23.80
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	10.35	13.25	9.82
Selling expenses	8.19	7.46	8.25
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	18.54	20.71	18.07
INCOME BEFORE INTEREST EXPENSE	5.40	5.57	5.73
Interest expense	1.95	2.12	1.98
OPERATING INCOME	3.45	3.45	3.75
Other income (expense)	0.52	(0.14)	0.59
INCOME BEFORE INCOME TAXES	3.97	3.31	4.34

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	1.66%	1.34%	1.27%
Film	1.05	1.36	0.85
Plates	1.24	1.61	1.23
Other chargeable materials	1.16	2.08	1.61
TOTAL OTHER CHARGEABLE MATERIALS	5.11	6.39	4.96
OUTSIDE SERVICES			
Composition	0.59	0.37	1.24
Offset preparation	1.02	0.69	0.80
Printing	1.57	0.81	1.63
Binding	2.46	3.79	2.85
Other outside services	1.52	4.54	2.31
TOTAL OUTSIDE SERVICES	7.16	10.20	8.83

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
23.84	23.68	24.49	24.12	27.01	22.00	20.98	22.00	25.38
5.85	5.68	5.49	5.79	5.01	5.32	5.02	4.59	5.75
6.61	7.18	8.75	8.71	7.04	8.48	11.32	10.18	8.26
36.30	36.54	38.73	38.62	39.06	35.80	37.32	36.77	39.39
26.77	27.61	26.28	26.92	25.31	26.08	24.53	26.43	26.74
13.25	11.68	12.77	12.61	12.47	13.29	12.74	13.15	10.51
76.32	75.83	77.78	78.15	76.84	75.17	74.59	76.35	76.64
23.68	24.17	22.22	21.85	23.16	24.83	25.41	23.65	23.36
9.38	9.47	9.33	8.76	10.07	11.10	11.34	10.55	9.13
7.78	8.72	8.54	7.61	7.72	8.21	9.03	8.36	8.47
17.16	18.19	17.87	16.37	17.79	19.31	20.37	18.91	17.60
6.52	5.98	4.35	5.48	5.37	5.52	5.04	4.74	5.76
1.80	1.77	2.01	1.65	2.28	1.85	1.83	2.61	1.86
4.72	4.21	2.34	3.83	3.09	3.67	3.21	2.13	3.90
0.37	0.69	1.05	0.41	0.61	0.87	0.62	0.93	0.77
5.09	4.90	3.39	4.24	3.70	4.54	3.83	3.06	4.67
1.39%	1.30%	1.70%	2.51%	2.14%	1.77%	1.51%	1.28%	1.77%
1.49	1.06	0.97	1.06	0.89	1.19	1.24	1.12	1.14
1.09	1.42	1.18	1.09	1.28	1.24	1.21	1.23	0.87
1.88	1.90	1.64	1.13	0.70	1.12	1.06	0.96	1.97
5.85	5.68	5.49	5.79	5.01	5.32	5.02	4.59	5.75
0.79	0.64	0.59	0.65	0.61	0.92	0.88	0.95	0.98
1.36	1.31	1.69	1.31	1.63	1.04	1.83	1.04	1.78
1.63	1.14	2.45	2.70	1.69	2.85	3.76	3.22	1.91
0.81	1.63	1.77	1.67	1.17	1.80	2.62	2.72	1.58
2.02	2.46	2.25	2.38	1.94	1.87	2.23	2.25	2.01
6.61	7.18	8.75	8.71	7.04	8.48	11.32	10.18	8.26

ALL PRINTERS BY GEOGRAPHIC REGION

SUPPORTING SCHEDULES - SALES = 100%

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
FACTORY PAYROLL			
Salaries - executive	2.13%	0.98%	2.34%
Direct wages	18.16	17.70	18.82
General factory salaries and wages	1.77	1.85	1.70
Packing, shipping and delivery wages	0.84	0.47	0.85
Payroll taxes	1.93	1.97	2.09
Employee benefits	2.24	2.10	2.57
TOTAL FACTORY PAYROLL	27.07	25.07	28.37
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.24	0.18	0.24
Depreciation - other	3.41	3.15	2.97
Taxes - real estate	0.23	0.12	0.16
Taxes - other	0.14	0.05	0.09
Insurance	0.59	0.75	0.58
Building rent	1.68	1.75	1.34
Utilities - heat, light, etc.	1.41	1.65	1.35
Equipment rental	0.56	0.46	0.30
Total Fixed Expenses	8.26	8.11	7.03
Other Expenses			
Factory supplies and expense	1.96	1.53	2.28
Packing, shipping and delivery expense	1.19	1.12	1.11
Repairs and maintenance	1.29	1.13	1.27
Other factory expenses	0.72	2.04	0.79
Total Other Expenses	5.16	5.82	5.45
TOTAL FACTORY EXPENSES	13.42	13.93	12.48
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.07	5.30	2.87
Salaries - office	2.84	2.81	2.38
Payroll taxes	0.46	0.61	0.43
Employee benefits	0.67	0.76	0.70
Bad debts	0.28	0.27	0.30
Office supplies and expenses	0.54	0.58	0.45
Professional fees	0.50	0.74	0.69
Taxes - business	0.08	0.06	0.14
Telephone	0.53	0.58	0.54
Other administrative expenses	1.38	1.54	1.32
TOTAL ADMINISTRATIVE EXPENSES	10.35	13.25	9.82
SELLING EXPENSES			
Salaries - executive	1.12	0.78	1.68
Salaries and commissions - salesmen	3.82	3.67	3.20
Salaries - sales office clerical	0.75	0.17	0.70
Payroll taxes	0.36	0.23	0.37
Employee benefits	0.36	0.22	0.37
Advertising	0.33	0.57	0.27
Travel and entertainment	0.88	0.85	0.87
Other selling expenses	0.57	0.97	0.79
TOTAL SELLING EXPENSES	8.19	7.46	8.25

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
2.28%	1.89%	2.12%	1.60%	1.47%	2.28%	1.86%	1.82%	1.94%
18.67	17.93	17.02	18.03	17.71	17.70	17.07	18.38	19.65
1.20	2.05	2.06	1.66	1.48	1.84	1.16	1.28	1.78
0.97	0.71	0.96	1.03	0.69	0.86	0.85	0.56	0.81
1.82	2.04	1.92	2.03	1.91	1.84	1.81	2.28	0.84
1.83	2.99	2.20	2.57	2.05	1.56	1.78	2.11	1.72
26.77	27.61	26.28	26.92	25.31	26.08	24.53	26.43	26.74
0.28	0.26	0.28	0.28	0.34	0.23	0.10	0.20	0.27
3.80	2.95	3.24	2.97	3.13	3.66	3.24	3.74	2.58
0.18	0.20	0.11	0.26	0.36	0.19	0.05	0.12	0.32
0.23	0.32	0.27	0.07	0.08	0.30	0.23	0.32	0.08
0.48	0.30	0.45	0.42	0.52	0.57	0.68	0.53	0.27
1.14	0.95	1.31	1.36	0.97	1.32	2.06	2.32	1.23
1.26	1.26	1.26	1.51	1.32	1.27	0.99	0.83	0.83
0.83	0.44	0.76	0.27	0.64	0.73	0.81	0.76	0.25
8.20	6.68	7.68	7.14	7.36	8.27	8.16	8.82	5.83
2.22	2.30	2.09	2.14	2.03	1.87	1.79	1.59	1.51
0.76	0.80	1.00	1.21	1.23	0.91	0.77	0.94	1.16
1.41	1.14	1.27	1.47	1.38	1.46	1.45	1.26	1.40
0.66	0.76	0.73	0.65	0.47	0.78	0.57	0.54	0.61
5.05	5.00	5.09	5.47	5.11	5.02	4.58	4.33	4.68
13.25	11.68	12.77	12.61	12.47	13.29	12.74	13.15	10.51
2.66	2.50	2.81	2.71	3.40	3.96	3.36	3.10	2.33
2.48	2.41	2.12	2.06	2.62	2.44	2.72	2.32	2.56
0.36	0.49	0.42	0.37	0.44	0.48	0.39	0.50	0.15
0.43	0.61	0.61	0.53	0.55	0.51	0.62	0.57	0.28
0.47	0.27	0.40	0.40	0.37	0.64	0.56	0.60	0.72
0.47	0.39	0.42	0.40	0.44	0.47	0.61	0.49	0.54
0.51	0.57	0.53	0.52	0.45	0.55	0.75	0.53	0.58
0.13	0.30	0.29	0.10	0.12	0.17	0.14	0.39	0.15
0.54	0.40	0.48	0.42	0.41	0.44	0.58	0.55	0.56
1.33	1.53	1.25	1.25	1.27	1.44	1.61	1.50	1.26
9.38	9.47	9.33	8.76	10.07	11.10	11.34	10.55	9.13
1.16	1.61	1.10	1.37	1.42	1.28	1.25	1.28	1.26
3.52	3.43	3.98	2.89	3.49	4.07	4.00	4.26	4.04
0.84	0.95	0.73	0.60	0.41	0.65	0.61	0.48	0.70
0.31	0.35	0.37	0.28	0.30	0.30	0.33	0.41	0.14
0.31	0.47	0.41	0.33	0.34	0.25	0.32	0.31	0.23
0.40	0.41	0.43	0.35	0.47	0.46	0.44	0.47	0.46
0.63	0.90	0.79	0.80	0.74	0.68	1.06	0.64	0.93
0.61	0.60	0.73	0.99	0.55	0.52	1.02	0.51	0.71
7.78	8.72	8.54	7.61	7.72	8.21	9.03	8.36	8.47

ALL PRINTERS BY GEOGRAPHIC REGION

BALANCE SHEET

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
ASSETS			
CURRENT ASSETS			
Cash	5.42%	8.81%	8.89%
Receivables	33.17	33.63	33.22
Inventories	12.12	12.09	11.43
Other current assets	5.77	6.26	3.57
TOTAL CURRENT ASSETS	56.48	60.79	57.11
FIXED ASSETS			
Real estate	8.56	5.83	9.37
Less: Accumulated depreciation	2.60	1.34	3.10
	5.96	4.49	6.27
Machinery and equipment	68.45	62.47	66.77
Less: Accumulated depreciation	39.63	38.35	38.45
	28.82	24.12	28.32
Other fixed assets	9.28	8.46	7.42
Less: Accumulated depreciation	4.80	4.57	4.19
	4.48	3.89	3.23
NET FIXED ASSETS	39.26	32.50	37.82
OTHER ASSETS	4.26	6.71	5.07
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	9.09	12.78	9.31
Accounts payable	15.50	14.58	14.00
Other current liabilities	9.43	12.68	10.20
TOTAL CURRENT LIABILITIES	34.02	40.04	33.51
LONG-TERM LIABILITIES	30.16	22.82	26.59
TOTAL LIABILITIES	64.18	62.86	60.10
SHAREHOLDERS' AND PROPRIETORS' EQUITY	35.82	37.14	39.90
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.66	1.52	1.70
QUICK RATIO	1.30	1.22	1.36
TOTAL LIABILITIES TO EQUITY	1.79	1.69	1.51
LONG-TERM LIABILITIES TO EQUITY	0.84	0.61	0.67
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.58	0.61	0.58

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
6.97%	6.89%	3.47%	5.13%	6.01%	8.91%	8.35%	5.56%	2.30%
31.50	32.52	33.01	33.38	29.16	32.53	34.11	32.32	35.87
11.68	14.40	16.00	13.59	15.89	11.54	9.63	12.02	14.53
2.16	4.45	4.30	3.40	2.51	3.06	4.74	3.19	3.95
52.31	58.26	56.78	55.50	53.57	56.04	56.83	53.09	56.65
11.17	12.27	9.58	7.67	13.49	11.06	3.26	7.56	11.86
3.62	4.26	2.97	2.83	4.15	3.05	1.19	1.78	3.22
7.55	8.01	6.61	4.84	9.34	8.01	2.07	5.78	8.64
66.89	63.51	64.06	68.31	62.70	67.84	65.76	69.01	64.99
35.53	37.18	35.84	37.12	33.45	38.18	35.25	35.33	35.45
31.36	26.33	28.22	31.19	29.25	29.66	30.51	33.68	29.54
9.33	7.38	7.57	6.68	5.49	7.07	9.99	6.15	5.15
4.61	4.25	4.49	3.29	2.76	3.74	4.98	3.15	2.90
4.72	3.13	3.08	3.39	2.73	3.33	5.01	3.00	2.25
43.63	37.47	37.91	39.42	41.32	41.00	37.59	42.46	40.43
4.06	4.27	5.31	5.08	5.11	2.96	5.58	4.45	2.92
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
8.33	7.02	9.80	7.23	7.26	10.24	11.22	11.72	11.09
11.99	12.98	13.90	16.03	12.91	12.35	16.34	13.36	17.04
7.62	9.77	9.61	8.56	10.14	6.34	9.94	8.38	11.16
27.94	29.77	33.31	31.82	30.31	28.93	37.50	33.46	39.29
32.50	22.01	32.07	32.20	32.75	27.78	27.51	34.76	26.53
60.44	51.78	65.38	64.02	63.06	56.71	65.01	68.22	65.82
39.56	48.22	34.62	35.98	36.94	43.29	34.99	31.78	34.18
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.87	1.96	1.70	1.74	1.77	1.94	1.52	1.59	1.44
1.45	1.47	1.22	1.32	1.24	1.54	1.26	1.23	1.07
1.53	1.07	1.89	1.78	1.71	1.31	1.86	2.15	1.93
0.82	0.46	0.93	0.89	0.89	0.64	0.79	1.09	0.78
0.53	0.59	0.56	0.54	0.53	0.56	0.54	0.51	0.55

ALL PRINTERS BY GEOGRAPHIC REGION

SIGNIFICANT FACTS

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
INVESTMENT			
Average assets per employee - All employees	$ 34,545	$ 47,376	$ 37,183
Average assets per factory employee (Excluding Executives)	47,695	67,420	52,152
Average net worth per employee - All employees	12,968	18,529	14,538
Average gross plant investment per factory employee (Excluding Executives)	39,433	50,880	40,073
Net worth percentage of fixed assets	110.08%	143.94%	129.15%
EMPLOYEES			
Percent factory - All employees	76.24%	71.01%	76.13%
Percent administrative - All employees	13.63	20.32	13.33
Percent sales - All employees	10.13	8.67	10.54
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 69,083	$ 92,467	$ 71,608
Sales per factory employee	90,458	131,791	95,546
Sales less material per factory employee	57,249	85,138	60,111
Sales per administrative employee	683,694	749,697	672,201
EXCLUDING EXECUTIVES			
Sales per employee - All employees	76,207	101,615	80,453
Sales per factory employee	95,891	135,270	101,605
Sales less material per factory employee	60,666	87,279	63,912
SALES PER SALESMAN	953,024	853,758	892,768
SALES TO CURRENT ASSETS	408%	378%	393%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	40.52%	39.60%	41.06%
Factory payroll percentage of gross plant investment	79.09	95.53	81.68
Payroll per employee - All employees	$ 26,908	$ 35,318	$ 28,114
Payroll per factory employee	23,670	30,959	25,527
Payroll per administrative employee	35,767	43,429	31,853
Payroll per sales employee	42,482	51,319	42,270
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 20,670	$ 26,376	$ 21,116
Payroll per factory employee	19,237	25,306	20,340
Payroll per administrative employee	18,273	17,917	16,472
Payroll per sales employee	34,480	42,143	31,583
EXECUTIVE PAYROLL			
Payroll per executive - All executives	53,038	86,127	51,631
Payroll per factory executive	33,966	27,480	34,689
Payroll per administrative executive	67,375	97,597	58,107
Payroll per sales executive	49,552	42,426	41,530
RECEIVABLES			
Collection period	57.5	57.9	60.6
PROFIT			
Gross profit percentage of sales	23.94%	26.28%	23.80%
Average gross profit per factory employee	$ 23,114	$ 35,831	$ 24,580
Income before taxes percentage of sales	3.97%	3.31%	4.34%
Average income before taxes per employee	$ 3,317	$ 3,676	$ 3,543

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
$ 31,849	$ 38,159	$ 38,232	$ 44,575	$ 42,178	$ 35,775	$ 34,086	$ 41,427	$ 33,932
43,911	54,063	55,189	61,173	57,540	51,568	49,618	124,708	49,148
13,406	17,934	15,792	15,807	15,054	16,023	11,974	13,285	12,446
36,694	42,798	42,542	48,213	45,090	43,610	37,677	58,156	38,641
85.85%	153.20%	113.09%	117.37%	130.61%	157.49%	135.66%	100.29%	103.99%
77.01%	75.45%	75.51%	77.54%	75.63%	73.26%	72.07%	69.89%	72.94%
12.02	12.99	12.97	12.32	14.09	15.30	15.25	15.53	14.20
10.97	11.56	11.52	10.14	10.28	11.44	12.68	14.58	12.86
$ 61,417	$ 75,640	$ 72,585	$ 90,340	$ 73,110	$ 70,365	$ 81,358	$ 78,216	$ 60,845
80,337	100,880	98,205	119,043	96,795	96,795	114,124	348,258	84,308
50,135	63,794	59,029	70,592	57,459	60,973	67,839	136,409	49,413
631,627	769,317	691,207	963,954	750,466	621,788	632,171	663,513	605,820
67,762	83,774	80,621	100,840	80,396	79,673	91,394	88,494	67,623
85,399	107,015	106,000	125,433	101,351	103,602	121,172	354,940	89,759
53,354	67,683	63,518	74,322	60,168	65,294	72,076	140,642	52,597
682,298	785,726	720,610	1,081,853	1,052,408	629,232	621,638	500,606	600,073
434%	382%	425%	445%	388%	480%	544%	438%	371%
38.83%	40.42%	38.82%	38.06%	38.28%	40.02%	38.13%	39.65%	38.43%
74.98	80.06	84.50	81.27	69.19	85.10	93.99	81.90	74.40
$ 22,802	$ 30,053	$ 27,650	$ 32,309	$ 26,858	$ 26,966	$ 28,905	$ 29,461	$ 22,102
20,539	27,206	24,535	29,307	23,964	24,041	25,792	27,797	21,234
29,413	34,786	33,959	39,638	33,127	32,297	32,823	31,850	21,803
37,441	46,111	45,248	49,556	43,294	40,893	38,326	37,213	29,312
$ 17,872	$ 22,468	$ 20,959	$ 24,452	$ 20,468	$ 21,116	$ 22,355	$ 22,823	$ 18,883
16,947	21,476	19,755	23,491	19,455	20,000	21,186	22,586	18,636
15,229	17,493	16,214	20,799	16,969	16,190	17,393	16,517	14,151
28,044	36,147	34,219	39,945	33,196	33,058	29,684	27,950	25,036
44,819	52,317	50,284	63,227	50,531	49,950	49,249	43,852	32,519
33,393	32,010	37,414	33,897	28,824	34,583	31,668	26,334	26,524
56,381	60,535	63,827	73,033	62,444	56,429	56,663	47,227	35,833
44,083	50,026	46,606	48,876	43,535	42,158	40,237	30,456	33,542
54.9	59.8	56.6	55.8	57.1	55.1	51.7	56.6	69.3
23.68%	24.17%	22.22%	21.85%	23.16%	24.83%	25.41%	23.65%	23.36%
$ 20,294	$ 26,423	$ 24,280	$ 28,313	$ 23,074	$ 25,853	$ 29,706	$ 87,527	$ 20,817
5.09%	4.90%	3.39%	4.24%	3.70%	4.54%	3.83%	3.05%	4.67%
$ 3,373	$ 4,082	$ 2,803	$ 4,393	$ 3,103	$ 3,375	$ 3,321	$ 2,808	$ 3,128

ALL PRINTERS BY GEOGRAPHIC REGION

RETURN ON INVESTMENT - PER $100 OF SALES

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
INVESTMENT			
Current Assets:			
Cash	$ 2.80	$ 4.86	$ 4.51
Receivables	15.39	15.55	16.34
Inventories	5.55	5.25	5.55
Marketable securities	2.09	1.82	0.50
Other current assets	1.28	1.35	1.52
	27.11	28.83	28.42
Plant Investment:			
Land and building	4.81	4.17	5.50
Machinery and equipment	32.97	29.50	30.93
Other fixed assets	4.43	4.06	3.52
	42.21	37.73	39.95
Non-Current Assets	2.09	3.10	2.75
TOTAL INVESTMENT	71.41	69.66	71.12
INVESTMENT TURNOVER PER $100 OF SALES	140.04%	143.55%	140.61%
EARNINGS			
Cost of Product	$76.06	$73.72	$76.20
Selling Expenses	8.19	7.46	8.25
Administrative Expenses	10.35	13.25	9.82
	94.60	94.43	94.27
Income Before Interest, Other Income (Expense), and Taxes	5.40	5.57	5.73
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	7.56%	8.00%	8.06%

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
$ 4.04	$ 3.26	$ 3.50	$ 2.33	$ 3.36	$ 4.54	$ 3.23	$ 2.84	$ 1.60
14.65	16.03	15.08	14.84	15.32	14.58	13.57	14.99	18.17
5.69	7.40	6.68	7.12	8.28	5.66	3.86	6.27	7.78
0.44	0.80	1.08	0.95	0.66	0.65	0.13	0.18	1.17
0.77	1.56	1.44	1.02	0.81	0.90	2.15	1.48	1.30
25.59	29.05	27.78	26.26	28.43	26.33	22.94	25.76	30.02
6.13	7.71	5.76	5.05	8.69	6.75	1.61	5.15	7.47
32.69	29.96	30.97	31.85	34.06	32.68	26.72	35.02	34.17
4.43	3.48	3.32	3.28	2.89	3.31	3.85	2.83	2.59
43.25	41.15	40.05	40.18	45.64	42.74	32.18	43.00	44.23
2.60	2.34	2.82	2.94	3.02	1.83	2.63	2.59	1.63
71.44	72.54	70.65	69.38	77.09	70.90	57.75	71.35	75.88
139.98%	137.85%	141.54%	144.13%	129.72%	141.04%	173.16%	140.15%	131.79%
$76.32	$75.83	$77.78	$78.15	$76.84	$75.17	$74.59	$76.35	$76.64
7.78	8.72	8.54	7.61	7.72	8.21	9.03	8.36	8.47
9.38	9.47	9.33	8.76	10.07	11.10	11.34	10.55	9.13
93.48	94.02	95.65	94.52	94.63	94.48	94.96	95.26	94.24
6.52	5.98	4.35	5.48	5.37	5.52	5.04	4.74	5.76
9.13%	8.24%	6.16%	7.90%	6.97%	7.79%	8.73%	6.64%	7.59%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL PRINTING FIRMS	879	$3,963,000	$ 6,990,000	$410,000
ALL PRINTERS BY GEOGRAPHIC REGION				
New England and Up-State New York	89	3,929,000	7,681,000	435,000
Metropolitan New York and New Jersey	16	3,511,000	6,794,000	266,000
Eastern Penna., Maryland and D.C.	63	4,296,000	7,412,000	553,000
Southeast Atlantic	76	3,865,000	6,986,000	424,000
East North Central	38	3,484,000	6,652,000	395,000
South Central	86	3,726,000	6,664,000	326,000
Chicago Area	65	5,455,000	10,008,000	656,000
West North Central	64	7,697,000	10,994,000	625,000
Plains and Mountain States	101	2,545,000	4,578,000	207,000
Pacific Southwest	76	3,610,000	7,680,000	547,000
Pacific Northwest	77	2,891,000	4,361,000	202,000
Canada	128	3,591,000	6,187,000	366,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratios Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

** Unlike the ratios shown in this book, these figures are arithmetic averages.

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director, PIA Financial Services